



Shalice Reynoso, MMC
CCAC Legislative Director

News Clerks Should Know:

Released 05/14/09

[Please pass this along to your City Council Members and City Managers]

SAVE YOUR CITY – May Budget Revision Threatens to Borrow 8% of Local Government Property Tax Revenues

The League of California Cities has launched its “Save Your City” campaign and is asking cities to act quickly and aggressively to fight the state’s proposal to borrow 8% of local government property tax revenues.

Three immediate actions cities are being asked to take:

- Today, May 14, call the Governor, your Senator and Assembly Member to tell them what a \$2 billion seizure of property tax revenues would do to your community.
 - Governor Arnold Schwarzenegger (916) 445-2841
 - **We are asking city officials to make calls to their legislators and Governor on Thursday between noon and 3:00 p.m.**
- Sign up to join the Save Your City coalition by Monday, May18. (Get details from your League Regional Representative.)
- Record a video testimonial for the Save Your City website. The video should include testimonials about the importance of city services and the damaging effects of state borrowing. (Get details from your League Regional Representative.)

SUGGESTED TALKING POINTS

1. **Cities Already Losing Hundreds of Millions of Millions to State Budget.** Since 1991 the state has seized over **\$8.6 billion** of city property tax revenues statewide to fund the state budget, and it takes almost \$900 million each year from cities even with the passage of Prop. 1A in 2004. The overwhelming passage of Prop. 1A prevents the state from permanently taking an even larger share of the property tax except by borrowing it temporarily.
2. **Governor Has Opposed Borrowing as Fiscally Irresponsible.** The Governor has established a legacy of being fiscally responsible and avoiding incurring debt for the annual budget. He has consistently called it fiscally irresponsible to borrow from local government or transportation - he should not lose that legacy now and fumble since he's carried the ball all the way to the one yard line.
3. **Borrowing is a Bailout and Subprime Loan.** Asking local governments for a bailout of the state is the political and financial equivalent of making a sub-prime loan to a borrower which has terrible credit.
4. **Public Safety Cuts Have Already Occurred.** Asking cities that are already in fiscal distress at this time for a loan will have real consequences for public safety and other vital services which cities have already started reducing due to the economic downturn. Californians want public safety protected. 74 percent of Californians oppose cuts to law enforcement and police according to a field poll released April 30.
5. **Borrowing Will Disproportionately Affect Some Areas.** Many cities have unemployment rates higher than the statewide average (e.g., Compton's is over 19%). Choosing to borrow from these cities will disproportionately and dramatically impact the local economies and services.
6. **Public Opposes Borrowing.** Borrowing is irresponsible because it deepens the state deficit. It is akin to working out and getting into shape only to take a few weeks off and lose everything you've worked for. The voters agree. An Oct. 2008 PPIC survey found that 91 percent of Californians think it is wrong for the state to borrow to balance the budget. (http://www.ppic.org/content/pubs/survey/S_1008MBS.pdf).
7. **Borrowing Will Devastate Essential City Services.** Borrowing also will cripple local services. California cities are not in a position to lend the state of California property taxes to close the state's budget deficit. Cities are on the brink of severe fiscal hardship as the current economic climate has already forced cities to lay off police, fire and other staff, furlough employees, slash programs and reduce services.
8. **Do No Harm.** There are no easy answers, but the physician's Hippocratic oath is apt at this juncture: "First, do no harm." Borrowing would inflict serious harm on the people of California and make our communities more dangerous. No one, including the Governor, wants this.